

*Base Operation and Support (BOS) contracts:
Their value to the U.S. Navy*

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Executive Summary

The purpose of this paper is to determine the value of BOS contracts to the U.S. Navy with regards to Facility Service Contracting. Facility service contracting generally is NOT an inherently governmental function and is therefore a prime target for government outsourcing to private industry. Recently, a strong emphasis has been placed on utilizing the private sector when functions are not inherently governmental in nature, enabling economics and market forces to prevail. The idea is that outsourcing will provide more value to the Navy since private industry already performs facility services and will compete to win contracts. What is the most appropriate method for the Navy to use when contracting for facility services?

The history of Navy service contracting will be discussed in a later section, but the Navy has many options in which to contract for facility services. Each military base or region has different requirements with regards to Facility services. The Navy may use a BOS contract, individual service contracts, or a hybrid of the two. In recent years, pilot programs have been initiated to test the feasibility of web base FSC programs where "Regional IDIQ e-FSC's" are used such that customers can order services through a web-base program. However, these pilot programs do not address the fundamental issue of whether the Navy should have a BOS contract or individual FSC contracts.

This paper will seek to determine if having a BOS contract or regional BOS contract provides more value to the U.S. Navy than having individual service contracts, or if there really is not much of a difference between the two. This issue is separate from web-based pilot programs since within the web-based programs, contracts (either BOS or individual FSC contracts) must already be in place. "The success or lack of success of a

Facility Service contract is measured in terms of the extent to which it (1) supports the local mission requirements, (2) obeys applicable procurement statutes, and (3) provides a fair return for the taxpayer's dollar.”¹

¹ United States Navy. Naval Facilities Engineering Command. Facility Support Contract Quality Management Manual MO-327. Alexandria: VA, 1989. pg. 1.

Definitions and descriptions of terms

BOS contract- A BOS (Base Operation and Support) contract is primarily for services, but may include minor construction items up that are usually attributed to maintenance and/or repair, i.e. roof replacements, HVAC renovations, and general renovations. A BOS contract typically includes both fixed items (custodial, trash, grounds maintenance, HVAC PM's) and indefinite quantity items that may be either ordered at a fixed unit price or negotiated. Usually, one BOS contract is awarded per military base (or one per couple of bases if they are located in a close geographic location) and encompasses all services. A typical BOS contractor will provide the following services²:

- Emergency/Service Work Reception Desk
- Maintenance, Repair, Alteration and Construction of Real Property
- Maintenance of Grounds, Grounds Structures, Surfaced Areas and Pest Control
- Utilities Systems Operations and Maintenance
- Transportation Operations and Maintenance
- Family Housing Maintenance
- Storage and Warehousing
- Supply Operations
- Environmental
- Refuse Services
- Weight Handling

² "Welcome to NAS Whidbey Island: Public Works." August 1, 2005.
<http://www.militarynewcomers.com/WHID/Resources/departments.html>.

- Custodial Services
- Grounds Maintenance

Regional BOS contract- A regional BOS contract is identical to a BOS contract, but the term is used to describe a BOS contract that covers more than one military base in a geographic region.

Individual service contracts- This term is used to describe the opposite of a BOS contract, where services are contracted out individually. For example, a military base with individual service contracts would have separate contracts for grounds maintenance, refuse, custodial, roof repairs, etc. instead of a single BOS contract covering all of the services.

Public Works- A Public Works department on a Naval Base is generally responsible for planning, design, construction, maintenance and repair of all roads, grounds, utilities, and facilities on a Naval Base, and may be considered the owner.

Facilities Support Service Contracts- These contracts are used for day-to-day operations such as grounds maintenance, janitorial, etc.

Facilities Support Construction Contracts- These contracts are also used for day-to-day operations but fall into the category of construction-type work done by tradesmen.

Examples include recurring road repairs, painting, roof repairs/replacement, etc.

FAR- The Federal Acquisition Regulation (FAR) is the rules and regulations handbook governing federal procurement.

ROICC- Resident Officer in Charge of Construction (ROICC). This team of engineers and contract specialists award and administer contracts for major construction and

facilities support construction and services. They also administer and award delivery orders on Base Operating Support Contracts (BOSC).

Inherently Governmental- Services involving a core mission of an agency that cannot be shifted to a private entity. An example would be an activity that involves exercising judicial or police powers or administrative discretion in the granting of licenses and permits.³

Commercial Activities- Not inherently governmental and widely available from providers in the private sector. This would include a wide range of non-core, secondary or administrative support services, operation of public facilities and the like.⁴

^{3 3} McMahon E., Moore, A., and Segal G. Private Competition for Public Services: Unfinished Agenda in New York State. August 9, 2005. pg. 15. http://www.manhattan-institute.org/html/cr_41.htm.

^{4 4} McMahon E., Moore, A., and Segal G. Private Competition for Public Services: Unfinished Agenda in New York State. August 9, 2005. pg. 15. http://www.manhattan-institute.org/html/cr_41.htm.

The history of Navy Service Contracting

Facility service contracting in the Navy has evolved and transformed in many ways over the years. The following excerpt is taken from the Facility Support Contract Quality Management Manual:⁵

“Traditionally, prior to the 1980’s, surveillance of service contracts was accomplished in a ‘hit or miss’ fashion, with no written plan, utilizing whatever personnel resources were available at the time. Surveillance usually focused on adherence to specific work procedures rather than on the quality of contract outputs. During the 1970’s, the trend to contract Public Works functions became evident throughout the Navy. Many factors influenced this trend, but manpower ceiling restrictions, economics, and requirements for specialized services were the principle driving forces. Recent high level emphasis has been directed toward utilizing the private sector when functions are not inherently governmental in nature and economics prevail.”

As services were contracted out to private industry, separate contracts were created for each desired facility service. In the late 1990’s, the Navy began to adopt and test the uses of a BOS contract, essentially combining all of the facility services that an installation may need into one, large contract. In addition to promoting the centralization of service contracting through BOS contracting, the Navy has tested e-FSC services, where customers can order facility services through web-based programs, where contracts are already in place to accommodate the order.

⁵ United States Navy. Naval Facilities Engineering Command. Facility Support Contract Quality Management Manual MO-327. Alexandria: VA, 1989. pg. 1,2.

Other public sector service contracting

Service contracting in the Navy has evolved in much the same way as service contracting throughout the public sector. Many of the Department of Defense and Federal Government service contracting policies can be similar to State Government policies such as the State of New York.

The State of New York is an extremely large Public entity and deals with many of the same issues as the Department of Defense with regards to Facilities Service contracting. At the macro level, the State of New York still employs many Facilities service personnel. For example, "Highway Maintenance- The workforce assigned to 'preventive maintenance' tasks in the State Department of Transportation totals 4,900 full-time equivalent employees."⁶ Although highway maintenance is still performed by New York State Employees, The City of New York has indeed privatized some facility services such as janitorial and custodial services, and facility design. However, both of these services were recently privatized post-1995. It is assumed that the much of New York State's Facility Services are contracted through individual services contracts.

Although many Public entities may very well have similar facility service agreements to BOS contracts, a majority of Public entities either (1) have in-house forces perform facility services, (2) contract for facility services through individual service contracts, or (3) a combination of the two previous examples. According to Fellow, Moore, and Segal's article, "Over the past decade, more and more governments have been inviting private firms to compete for contracts to provide services once restricted to public sources. This practice, also known as competitive sourcing, has been embraced as

⁶ McMahon E., Moore, A., and Segal G. Private Competition for Public Services: Unfinished Agenda in New York State. August 9, 2005. pg. 15. http://www.manhattan-institute.org/html/cr_41.htm.

an effective policy tool for driving change in organizations, improving performance and restraining costs. According to the Government contracting institute, the value of all federal, state and local government contracts with private firms- including service outsourcing agreements- is up 65 percent since 1996, reaching a total of over \$400 billion in 2001. This trend isn't confined to any particular region or to governments dominated by either major political party. The reason for the widespread appeal of competitive sourcing is simple: it works. According to a vast array of studies by the federal government, academic researchers and others, outsourcing on a competitive basis historically resulted in cost savings in the range of 5 to 50 percent.”⁷

^{7 7} McMahon E., Moore, A., and Segal G. Private Competition for Public Services: Unfinished Agenda in New York State. August 9, 2005. pg. 15. http://www.manhattan-institute.org/html/cr_41.htm.

Private sector service contracting

Private sector service contracting, once again, is not drastically different from public sector service contracting. Private colleges and universities serve as an excellent tool for comparison to military bases since they are approximately the same size and deal with many of the same facility functions.

The University of Pennsylvania may have some in-house forces performing many facility services, but individual service contracts are also used as needed. According to the University's Facilities Management webpage, "The University of Pennsylvania Division of Facility Services- in its effort to increase and maximize its contractor base- invites all contractors, vendors, and professional service firms to participate in its Contract Bids Program."⁸ The University also possesses its own Mechanical and Electrical Standard Design Guides to "guide the A/E team with the basis of the University's standard MEP design requirements, procedures, preferred systems, materials, utility operating characteristics, and energy available on campus."⁹ The University of Pennsylvania clearly uses a similar practice to individual service contracts vice a "BOS contract."

Loyola College in Maryland's facilities staff is primarily comprised of managerial and staff functions, so much of the facilities service work is contracted. The University's policy statement states that: "It shall be the policy of Loyola College to procure goods, services, and real property only when needed and in an ethical manner that seeks to

⁸ The University of Pennsylvania. Contract Bids Program. August 9, 2005.
<http://www.facilities.upenn.edu/getDone/contractbids/>.

⁹ The University of Pennsylvania. Contract Bids Program. August 9, 2005.
<http://www.facilities.upenn.edu/getDone/contractbids/>.

obtain the best value for the college in terms of price, quality, and service.”¹⁰ Once again, Loyola College does not have a facilities contract similar to a BOS contract and procures services through individual service contracts and Blanket Purchase Orders.

Although some private entities may have facilities service contracts similar to a BOS contract, most do not. The Federal Government is clearly testing the boundaries of service contracting through attempting to implement BOS contracts.

¹⁰ Loyola College in Maryland. Facilities Management: Procurement. August 9, 2005. <http://www.loyola.edu/facilitiesmanagement/procurement/index.html>.

Delivery method analysis

Although service contracts do not fall under the typical construction delivery methods of design/build, construction management, and tradition design-bid-build, many parallels can be drawn. For example, a BOS contract is similar to design-build in that a single point of contact/liability is established. In many cases with individual FSC contracts, poor coordination between contractors may lead to delays and/or accidents. Under a BOS contract, the BOS contractor is responsible for coordinating all service work. For example, installation of a new HVAC unit may require a crane and therefore road blockage for the day. The road blockage may prevent other contractors from performing duties elsewhere on the base. Poor communication between Public Works and other contractors may lead to problems under individual service contracts. Under a BOS contract, this communication problem would likely be solved, and no burden would be placed on the owner, Public Works in this case, for damages or delays.

Individual service contracts are similar to Construction management in that the owner has direct individual contracts with specialty contractors, similar to subcontractors in construction. However, in the Navy, the "Construction Management" functions are performed "in-house." The Public Works departments and ROICC offices plan and manage all facets of service contracting.

Both BOS contracts and individual service contracts are similar to the traditional method of design-bid-build in that the full contract documents are prepared (usually in-house) by the Government, solicited, awarded, and executed. Virtually no service contract begins execution before it is awarded.

From a delivery method standpoint, BOS contracts can be seen as a combination of design/build and traditional design-bid build construction delivery methods. They establish a single point of contact/liability, but are written, solicited, and awarded prior to any work commencing. Individual service contracts can be seen as a combination of construction management and traditional design-bid-build construction delivery methods. The owner (the Navy in this case) provides its own construction management practices since it holds contracts with each individual service contractor, and each contract is written, solicited, and awarded prior to any work commencing.

Contract types and specifications

FSC contracts come in a variety of contract types. Public Works departments on each installation have the responsibility of determining the contract type and specifications, with higher authorities giving oversight. FSC contracts may be pure lump sum, pure IDIQ, a hybrid of the two, or possibly another contract type. For example, a grounds maintenance contract would naturally lend itself more towards a lump sum contract since the scope of work can clearly be determined. In contrast, a roof repairs contract would probably be IDIQ since roof repairs are not routine, scheduled work. An HVAC Maintenance and repair contract may be a FFP and IDIQ contract since scheduled maintenance as well as emergency repairs/replacement may be needed.

The primary focus in contracting for facility services is to fulfill local mission requirements. Each military installation has unique facility service requirements, so Public Works departments located on the installation write contract specifications to meet these unique requirements. As far as specifications and contract types, BOS contracts and individual service contracts would not be much different. Functions that were normally IDIQ under an individual service contracts would be written into the BOS contract as IDIQ. Likewise, specifications that are FFP would be written into the BOS contract as FFP. Just because a BOS contract is one large contract doesn't mean it must be either FFP or IDIQ. For example, custodial functions under a BOS contract would remain FFP while roof repairs would remain IDIQ.

For years, the Navy has been attempting to incorporate more performance specifications into service contracts. Once again, performance specification can be incorporated into BOS contracts just as easily as into individual service contracts. The

limiting factor in changing specification from contract to contract is the timing between the contracts expirations. Likewise, when a military installation is converting from individual service contracts to a BOS contract, the timing must work such that the individual service contracts all expire at the same time.

In conclusion, it is evident that a BOS contract would be a large, combined FFP/IDIQ contract. Regardless of local mission requirements, contract types and specifications would not have the effect of making a either a BOS contract or individual service contracts more appealing to the Navy. The contract type or specification of an individual service contract is easily incorporated into the larger BOS contract.

Budget/Spending issues

When analyzing the cost differences between a BOS contract and individual service contracts, the contracting system as a whole must be analyzed. Clearly, a BOS contract is most likely going to be more expensive than the sum of the costs of the individual service contracts assuming that the BOS contractor performs at a similar price and level than similar prior-Governmental functions. However in theory, competition for the BOS contract will drive these costs down. A BOS contractor is most likely to subcontract the services within the BOS contract, but will take on some of the risk, coordination duties, quality control, etc., and therefore some of the cost.

The larger question that must be analyzed is, does the BOS contract provide more value to the U.S. Navy and taxpayers than having individual service contracts. Assuming that a BOS contract will cost more than the sum of individual service contracts, does this cost difference reflect more or less than the cost that is being taken away from the owner? The Navy will still need to have personnel managing the BOS contract, but does it need to have as many personnel as it would otherwise?

In one example of the successful implementation of a BOS contract at Bangor Naval Base in Silverdale, Washington, the BOS contractor has recommended numerous changes to Government practice resulting in large cost savings. The following excerpt is taken from the BOS contractor's website:

"Johnson Controls' goal in its work with Bangor is to provide service that is faster, better, cost efficient and more effective than in the past. The company, through the contract's Cost Savings Initiatives (CSIs), has developed more than 60 innovative ideas that would save nearly \$24 million dollars over the ten-year life of the contract. Savings totaling

\$13.5 million have been accepted and implemented with another five recommendations under review. One innovation involved developing and designing a boiler chemical injection system to operate from the main level versus the basement of the steam plant. This process eliminated three material-handling steps, saved time and minimized the potential of a regulated substance incident. Johnson controls also uses re-refined oils and recycled antifreeze in many base vehicles. This strategy reduces material costs, but even more important, it meets the goal of a 25 percent reduction of fossil fuel used on government installations by the year 2005.”¹¹

Although these cost savings were achieved through Cost Saving’s Initiatives written by the Navy into the BOS contract, this provides an excellent example for some of the benefits that may achieved through BOS contracting. Private industry may have a different perspective on Facility services and may be able to provide the Government with innovative cost savings plans. Ultimately, free market competition will determine the cost savings achieved through BOS contracting, and competition should keep costs down.

^{11 11} Johnson Controls. Case Study: Bangor Naval Base, Innovation brings cost savings and energy efficiency. 2002. <http://www.johnsoncontrols.com>. Accessed on August 9, 2005.

Manpower issues

Manpower issues related to BOS contracts vs. individual service contracts are closely correlated to budget and spending issues since labor is money, especially in service related contracts. For both the Navy and the contractors, what are the staffing requirement differences between a BOS contract and individual service contracts? In this analysis, it is assumed that the specifications of the individual service contracts would be incorporated into the BOS contract. In addition, the Navy would still have to approve and fund all IDIQ work proposed by the contractor.

The largest savings for the Navy would not come in the form of decreased contract administration duties. It is also assumed that the Navy would perform similar Quality Assurance and inspection duties as in individual service contracts. A Public Works department that has individual service contracts is expected to plan and manage the services that are needed. Typical individual service contracts are awarded for 5 years (1 base year plus 4 option years). Depending on when the services were procured, the dates that new contracts must be written and awarded do not fall in sync with each other. For example, the HVAC contract may need to be awarded on October 1, but the grounds maintenance contract must be awarded on March 1. Public works and ROICC departments must plan this process, and there is much labor that is duplicated in the procurement process since contracts are written, solicited, and awarded at different times. Under a BOS contract, much of this labor will be eliminated since the BOS contract will be written, solicited, and awarded in one phase rather than in steps. Under a BOS contract, the Navy would not need as many of the managerial aspects of service contracting such as procurement planning meetings and contract specialist duties. It is

not known how many less people would be needed, but clearly, workload is taken away from managers and contract specialists under a BOS contract. However, when there are service requirements that are mistakenly left out of the BOS contract after it is awarded, many problems may arise.

The labor savings on the contractor's side are not as predictable as the owner. Depending on the contractor and local labor conditions, a BOS contractor may need more or less labor than if the military installation utilized individual service contracts. The BOS contractor would clearly take on some of the managerial duties like coordination between subcontractors and scheduling. However, depending on the subcontracting plan and how diverse some of the labor trades are, the contractor may actually require fewer workers in the field than if individual service contracts were used. For example, at the U.S. Naval Submarine Base in Groton, CT, separate contracts exist for power plant maintenance and emergency generator maintenance. These two contracts were awarded to two separate contractors but require similar trade skills. Under a BOS contract, the BOS contractor may be able to use the same technicians for both services, realizing possible substantial labor savings in both time and/or money. There are numerous other examples where this philosophy may be applied.

Bangor Naval Base in Silverdale, Washington has adopted a BOS contract for facilities services. The BOS contract has resulted in significant manpower savings for the Navy. According the BOS contractor's website, "In the past, without a BOS contract, SUBASE Bangor might have needed to pull some of its military professionals away from their tasks to perform public works and operations duties."¹² This is simply one of many

¹² Johnson Controls. Case Study: Bangor Naval Base, Innovation brings cost savings and energy efficiency. 2002. <http://www.johnsoncontrols.com>. Accessed on August 9, 2005.

examples where labor savings may result from using a BOS contract vice individual service contracts.

The transition from individual service contracts to a BOS contract may be extremely difficult and costly, but after the transition is made, substantial labor savings will most likely result on both the owner's and contractor's side. Much of the managerial aspects of service contracting will be taken away from the Navy. A BOS contractor may or may not realize labor savings, but free market competition, in principle, will force contractors to drive labor costs down in the attempt to win a BOS contract.

Small business issues

Promoting small business is an essential part of a capitalist, free market economy, and the Small Business Administration is central in ensuring small business are given a chance in U.S. federal contracts. Giving an advantage to small business in Federal contracts clearly increases the price of contracts since larger companies (which could perform for cheaper) are excluded from competing on some contracts. However, in the larger picture of our nation's economy, small businesses promote competition, more jobs, and naturally steer our economy away from monopolistic tendencies which can increase prices for everyone.

The SBA establishes quotas, where a certain percentage of a military installation's service contracts must be awarded to small businesses. The initial question arises, how can the Navy justify awarding a contract to a large BOS contractor when it is supposed to be promoting small business? The answer is actually quite simple. The Navy can force the BOS contractor to adhere to the same standards in subcontracting that the SBA requires of the Navy. For example, the Navy can say that 75 percent of the BOS contract work, in dollars, must be subcontracted. Of that 75 percent, another certain percentage must be awarded to an 8(a) company, if one exists in the local area. The BOS contractor is primarily going to perform managerial duties, and much of these duties are duties that were previously performed by the Navy. If the Navy could not force the BOS contractor to adhere to the same SBA standards, then a BOS contract would clearly be devastating to small business.

The Navy may run into problems with attempting to dictate to the BOS contractor how to subcontract certain functions. For example, the Navy may specify that a certain

percentage of subcontracts must be awarded to small business, but it is very difficult to tell a contractor how to manage the subcontract solicitations. The BOS contractor may simply select a small business subcontractor without a fair bidding process for other small businesses.

The Navy's test of its first BOS contract in Guam was not well received. According to Congressman Underwood, "The process itself has in many respects been counterproductive, resulting in a whole host of problems for both the military and the local community on Guam."¹³ Congressman Underwood continued to justify his statement in the following excerpt:

"The Navy justified using a BOS contract, taking such diverse things as providing day care to loading ordinance to house maintenance, and bundling them all in one contract because they said this was the way that they would get an economy of scale. They planned to open this package for competition between large "Fortune 500" firms with the idea that such a firm would be a stable and financially sound entity which could pay decent salaries. Subsequently, I called in the Small Business Administration (SBA) to fight to unbundled the contract and advocate for small business set asides."¹⁴

Many of these issues will be worked out once standard guidelines are adopted for BOS contracting. The problems with the Guam BOS contract arose because it was the

¹³ Statement of Congressman Robert A. Underwood, U.S. House of Representatives, Delegate from Guam. Submitted to the commercial activities panel of the U.S. General Accounting office, "A-76: What's working, What's Not" Public Hearing. Lackland Air Force Base, San Antonio, Texas. Wednesday, August 15, 2001.

¹⁴ Statement of Congressman Robert A. Underwood, U.S. House of Representatives, Delegate from Guam. Submitted to the commercial activities panel of the U.S. General Accounting office, "A-76: What's working, What's Not" Public Hearing. Lackland Air Force Base, San Antonio, Texas. Wednesday, August 15, 2001.

Navy's first BOS contract, and many of the technicalities and small business issues were not resolved prior to solicitation and award.

It is fair to say that a BOS contract, compared to individual service contracts, is fairly equal when it comes to small business concerns since the Navy can dictate that a certain percentage of subcontracts must be awarded to small business. However, since the Navy cannot tell the BOS contractor precisely how to manage subcontracts, only steer the BOS contractor in a certain direction, small business concerns may be adversely affected by a BOS contract.

Legal issues

As discussed above, a BOS contract is similar to a design-build construction contract in that a single point of contact is established. Much of the legal differences between a BOS contract and individual service contracts lay in this notion. A single point of contact also establishes a single point of liability in theory. Under a BOS contract, all delays relating to unforeseen circumstances, government-caused delays, etc. will still arise, but delays as a result of poor coordination between contractors will be minimized.

Many legal disputes within federal contracts can arise as a result of poor coordination between contractors. Under individual service contracts, the Navy is responsible for coordination issues between contractors. For example, let's say that a roof repairs contractor is replacing a roof and forgets to cover the roof prior to a heavy rainstorm. The rain enters the building and soaks the floor, causing a possible mold buildup. Under a separate service contract, a custodial contractor is responsible for maintaining the carpet and flooring. In this scenario, the custodial contractor would most likely give the Navy a cost estimate to repair the flooring and would not be responsible for cleaning up the mess. Although the Navy would have a good case in recovering the funds to pay for the cleanup from the roofing contractor, a BOS contract would alleviate the Navy of these types of legal issues. The BOS contractor would deal with these types of legal issues between subcontractors. There are numerous other examples that could solidify this point.

As stated above, legal issues between the BOS contractor and the Navy will still arise, but most legal issues related to coordination between subcontractors will be taken on by the BOS contractor.

Performance measurement analysis

The performance measurement analysis section will not focus on ways to measure the performance of a BOS contract, but rather on the benefits of a BOS contract vs. individual service contracts to Navy's upper management. The primary tool will be the analytical hierarchy process. The first step in this process is choosing the major categories of comparison that matter to upper management. "The success or lack of success of a Facility Service contract is measured in terms of the extent to which it (1) supports the local mission requirements, (2) obeys applicable procurement statutes, and (3) provides a fair return for the taxpayer's dollar."¹⁵ These three categories will serve as the basis for the analytical hierarchy process.

Each of the three above categories is extremely important in determining the success of service contracting. However, in the Analytical hierarchy process, the categories must be ranked against each other to allow for a decisive answer. The first Matrix below is a pair-wise comparison of each of the major categories. For example, a "2" in the 1st row, 3rd column says that satisfying Local Mission requirements is twice as important as providing a fair return for taxpayers. The second matrix below is a normalized copy of the first matrix, with the categories averaged in the far left hand column.

Pair-wise Comparison Matrix

	Local Mission	Procurement Statutes	Fair Return
Local Mission	1	2	0.5
Procurement Statutes	0.5	1	0.333333

¹⁵ United States Navy. Naval Facilities Engineering Command. Facility Support Contract Quality Management Manual MO-327. Alexandria: VA, 1989. pg. 1.

Fair Return	2	3	1
	3.5	6	1.833333

Normalized Matrix

	Local Mission	Procurement Statutes	Fair Return	average
Local Mission	0.285714286	0.333333333	0.2727273	0.297258
Procurement Statutes	0.142857143	0.166666667	0.181818	0.163781
Fair Return	0.571428571	0.5	0.5454546	0.538961
	1	1	1	1

Since the Analytical hierarchy process is extremely subjective, the values above may not reflect true comparison weights, and the process above should serve as a tool that may be used to determine if individual service contracts or BOS contracts are better for the Navy. From the averages above, the following formula should be used in comparing BOS contracts to individual service contracts:

$$.297 \times X_m + .164 \times X_p + .539 \times X_f$$

X_m = score for either BOS contracts or individual service contracts with regards to serving local mission requirements.

X_p = score for either BOS contracts or individual service contracts with regards to obeying applicable procurement statutes.

X_f = score for either BOS contracts or individual service contracts with regards to providing taxpayers a fair return.

In order to successfully utilize the formula above, X_m , X_p , and X_f must be determined for both BOS contracts and individual service contracts. The following paragraphs will give scores as well as justification for the scores. The scores are given as a rank from 0-10, with 10 being the highest score.

- (1) Supports Local Mission requirements- Both individual service contracts and BOS contracts will support the local mission requirements. However, if a new service requirement surfaces after the BOS contract has been awarded, the Navy may run into problems. The Navy can either (1) award a new contract outside of a BOS contract, or (2) negotiate the services into the BOS contract, where the BOS contractor would have significant negotiating power.

BOS= 6
ISC= 8

- (2) Obeys applicable procurement statutes- It is assumed that either a BOS contract or individual service contracts will obey applicable procurement statutes. However, even though a BOS contract may obey applicable procurement statutes, lawmakers may become concerned with its effect on local business as seen in Congressman Underwood's recitation¹⁶.

BOS= 6
ISC= 9

- (3) Provides a fair return for the taxpayer's dollar- The BOS contract would hold a significant advantage in this category since competition and market forces will drive down the price. The BOS contractor is taking on some of the duties from the Navy, allowing for cost saving through open competition.

BOS= 10

¹⁶ Statement of Congressman Robert A. Underwood, U.S. House of Representatives, Delegate from Guam. Submitted to the commercial activities panel of the U.S. General Accounting office. "A-76: What's working, What's Not" Public Hearing. Lackland Air Force Base, San Antonio, Texas. Wednesday, August 15, 2001.

$$\text{ISC} = 5$$

$$\text{BOS} = .297 \times 6 + .164 \times 6 + .539 \times 10 = 8.156$$

$$\text{ISC} = .297 \times 8 + .164 \times 9 + .539 \times 5 = 6.547$$

Using the weighted average formula, BOS contracts clearly score higher. The model above should serve as a tool, not a definitive answer to the question. Weights and scores may change, but the fundamental differences between BOS contracts and individual service contracts should be noted.

A contractor's perspective: How to obtain a BOS contract

The recent push by the Federal Government to outsource many services that are not inherently governmental and commercial in nature has led to many opportunities for private industry. The opportunity presents itself to both large and small businesses who want to diversify their clientele, earn respect for their name, have an opportunity to make money, and desire a challenge. Although BOS contracts generally attract only large business, basic general tips and guidelines will be included in the following discussion for any business to become involved and succeed in Federal Government contracting.

Step 1: Become familiar with Federal Government contracting guidelines, rules, and regulations. This includes becoming familiar with the Federal Acquisition Regulation (FAR) and its subcomponents, Service Contract Act (SCA), Davis Bacon Act (DBA). The FAR outlines the rules that the government must follow in contracting to private industry. It is extremely important to know and understand these rules. The important point in the SCA is that it establishes minimum wages by trade, by federal regulation, that employees must be paid for performing services. The SCA only covers service related jobs, but the DBA covers construction related jobs. The DBA establishes minimum wages that employees must be paid for construction services.

Step 2: Gain experience in service contracting in the private industry, or slowly through smaller Government contracts. Demonstrate the ability to subcontract work. Past performance is usually an important selection criterion in determining a winning bid.

Step 3: Research to see if your company could be placed into a Government "set aside" program. In many cases, the Government is required by the SBA to only allow

bids from a certain “set aside” group of contractors. Per FAR 19.201(a), “The Government shall provide maximum practicable opportunities in its acquisitions to small businesses... also as subcontractors consistent with efficient contract performance.” Programs such as 8(a), HUBZone, and NIB/NISH are examples of small business set aside programs. Contractors are generally given 8(a) status if they are a small, minority-owned business. HUBZone contractors are small businesses who are located in a geographic area that the Government wants to improve. NIB/NISH contractors are generally contractors who employ handicapped or mentally disabled workers. Obtaining one of these classifications can give a contractor significant leverage in the bidding process.

Step 4: Obtain bonding capacity including bid bonds, performance bonds, and payment bonds. Since liens cannot be filed against Government property, the government requires bonds to cover most liabilities. The Government’s solicitation will contain instructions on the bonding capacity needed, but it is essential to obtain bonding capacity prior to even considering bidding on a government service contract.

Step 5: Read the solicitation. The government can make many mistakes in the solicitation, but many of the post-award contract disputes arise from a failure to read the contract in detail. Also, the solicitation will give the selection criteria for choosing a winning bid. Any criteria that is not included in the selection criteria cannot be used in bid selection.

Step 6: Be responsive and Responsible when submitting a bid. Being responsive means submitting the bid in a timely manner. If the bid process is sealed bid and a time is given on the solicitation, if the bid is turned in 1 minute after it is due, the government

may reject the bid due to non-responsiveness. Being responsible means filling out the bid documents correctly. Ensure all prices and signatures are included. Failure to list a price for a certain line item or leaving a signature blank may result in a rejection of the bid.

Step 7: Adhere to the contract, keeping in frequent communications with government contract managers and inspectors. The contract managers and inspectors write the post-contract evaluations, which are extremely important in obtaining more government work. Past performance is generally an important selection criterion.

The above guidelines can be used for almost any size business on any size government service contract. However, BOS contracts are very large service contracts, and therefore require a more in-depth guideline. Due to the size of a BOS contract, the solicitation will most likely not be set aside for small business since small business would most likely not have the technical capabilities to perform a BOS contract. The solicitation of the BOS contract will give specific evaluation factors, and these factors will include at least the following three major selection criteria:

- Price
- Past Performance
- Technical Capabilities

A BOS contract solicitation will most likely weigh each of these criteria differently and will also go into more detail regarding requirements. Meeting the minimum bonding requirements is a mandatory requirement as well. Since a BOS contract will require a large bonding capacity, establishing good credit and maintaining credibility are essential.

Price is an essential factor in determining the winner of a BOS contract and is the most objective of the three criteria. All other factors equal, the bidder with the lower price will win the contract. Past performance, on the other hand, is much more subjective than price. In government contracting, past performance is generally only considered from performance on previous government contracts, specifically evaluations. Since the BOS contract is fairly new to government contracting, not many contractors will have prior experience with BOS contracts. For a contractor to enhance their past performance rating, they must simply perform as many large government service contracts as possible. Technical Capabilities is probably the most subjective of the three major selection criteria. A BOS contract provides a very diverse array of services including services and construction. Many varieties of firms may attempt to bid on a BOS contract. For example, a local firm that specializes in only office building services may plan on bidding on the contract and subcontracting out the rest of the work. On the other hand, a large, national construction firm may plan to bid on the contract, never before having performed service related work. However, they may have the technical capabilities to subcontract out all of the service work.

Now that the framework for obtaining a BOS contract is set, let's look at some more of the specifics. Federal contracting officers are required, by statute, to disseminate information. Contracting officers must advertise in FedBizOpps (FBO) if the estimated contract value is greater than \$25,000, which a BOS contract would most definitely be. Advertising increases competition, broadens industry participation, and assists small business concerns. FedBizOpps is the single government resource for solicitations for any contracts valued greater than \$25,000. The best way to access federal solicitation

information is by accessing <http://www.fedbizopps.gov>. The FedBizOpps website will contain all information regarding the BOS contract solicitation (RFP) including the specifications, bid close date, and contact information. The Federal Government is usually required to give at least 30-45 days between when the solicitation is listed on FedBizOpps and the bid close date. This means that a contractor should be checking the FedBizOpps website weekly at a minimum, if not daily to allow time to prepare for a competitive bid.

A BOS contract solicitation will most likely contain a site visit time and date for all interested contractors. It is extremely important for contractors to attend the site visit. Site visits will allow prospective contractors to meet all of the people involved and receive a better understanding of the Government's needs. Inquiry's are also an extremely important part of the pre-bid process. The government relies on contractor inquiries to make amendments to the contract specifications prior to contract award. However, it must be noted that if a contractor makes an inquiry to an unclear aspect of the specification and his/her inquiry is answered, he/she can no longer make a claim at a later date saying that the specifications were unclear. All inquiry's are published, in writing, and sent to all prospective contractors to allow for a fair bidding process. As a contractor, if a defect in the specification was spotted, it may not be prudent to ask about the unclear section prior to bid since this defect may lead to a large claim later in the contract that the contractor would most definitely win.

Telephone, written, and face to face exchanges are all important in maintaining a proper working relationship with the government. A BOS contract may or may not be a sealed bid process. The government may wish to perform competitive negotiation with

prospective BOS contractors. A contractor must remember that government officials, unlike the private industry, cannot receive any kind of gift in an attempt to establish a working relationship. Offering such gifts demonstrates a poor understanding of federal contracting. Establishing a good rapport with the contracting officer and contract specialists can be essential in obtaining a BOS contract. As a contractor, it is suggested to personally send a company representative into the offices of the issuing agency to meet face-to-face with all personnel involved. This practice demonstrates a willingness to impress and succeed in fulfilling the government's needs. Also, a face-to-face showing is much more valuable to a contract specialist than simply reading a name on a sheet of paper.

Case Study: Obtaining government contracts in the Washington D.C. metro area.

Obtaining work is a crucial element of any business' operations, from multinational corporations to small startups. The following examples will serve as a guide to any firm in the construction industry in obtaining work in the Washington D.C. area. As stated above, <http://www.fedbizopps.gov> is "the single government point-of-entry (GPE) for Federal government procurement opportunities over \$25,000."¹⁷ Contractors must actively seek work in the federal arena since owners will not come directly to them as a vendor. Competition and advertisement of federal contracts is required by law. It is expected that most contractors will keep knowledge of upcoming federal contracts secret in an effort to dispel competition and increases chances for a winning bid. Therefore, a contractor seeking work should actively monitor for government solicitations and of course keep the knowledge of these solicitations secret.

¹⁷ FedBizOpps: Federal Business Opportunities. August 19, 2005. <http://www.fedbizopps.gov>.

Registering for the vendor notification service on the FedBizOpps website should be the first step for a contractor seeking federal work. This step is accomplished by clicking on the “vendor notification service” link on the left hand side of the FedBizOpps website and following the steps to register. The following excerpt is taken directly from the FedBizOpps website:

Sign up to receive procurement announcements from the Federal Business Opportunities (FBO). After subscribing you will receive the following announcements by email:

- Presolicitation and their modification
- Notices of solicitation and solicitation amendment releases
- General procurement announcements

Three options are available:

1. Register to receive all notices from solicitation number.
2. Register to receive all notices from selected organizations and product service classifications.
3. Register to receive all procurement notices.

Users of this service may add new subscriptions or unsubscribe from all subscriptions at any time.

To **remove** 1 or more subscriptions, first unsubscribe from all subscriptions, then re-subscribe the subscriptions you want to keep.¹⁸

Contractors should click on the “selected organizations and product service classifications” link. In subscribing for this service, contractors may select from a wide variety of work classification codes such as Research and development, A/E services, maintenance, repair, and rebuilding of equipment, etc. to receive automatic e-mail notifications of upcoming work in these areas. In addition to being able to select work classification, contractors can choose to only receive notifications from certain agencies as well as a certain geographic region (Washington D.C.). Contractors should select all classifications that may include desired work. Setting up a new e-mail address is prudent

^{18 18} FedBizOpps: Vendor Notification Service. August 19, 2005. <http://www.fedbizopps.gov>.

since subscribing to this service may result in over 600 e-mails per month. Also, this e-mail address should be checked on a daily basis to allow for preparation time for a bid.

Browsing through the FedBizOpps website by geographical area, work type, or issuing agency is not as efficient as the vendor notification service, but may be used as another means of finding government solicitations. Each solicitation will include specific instructions to interested parties. A greater understanding of a Washington D.C. contractor's role is achieved by analyzing examples of solicitations from the FedBizOpps website. On August 19, 2005, the FedBizOpps website returned many results for current federal solicitations. Under the Department of the Navy, specifically Naval Facilities Engineering Command (NAVFAC), two specific results would interest a contractor in the Washington D.C. area. NAVFAC is a command under the Department of the Navy, which is just one of the many federal agencies advertising work. Again, subscribing to the vendor e-mail service will give a contractor access to all federal solicitation of their choice. One of the solicitations is listed as follows:¹⁹

Y -- Family Advocacy Facility, AAFB Maryland

General Information

Document Type:	Presolicitation Notice
Solicitation Number:	N40080-05-C-0162
Posted Date:	Jun 08, 2005

¹⁹ FedBizOpps. Vendors: Federal Business Opportunities. Y--Family Advocacy Facility, AAFB Maryland. August 19, 2005. <http://www.fedbizopps.gov>.

Original Response Date:
Current Response Date:
Original Archive Date:
Current Archive Date:
Classification Code: Y -- Construction of structures and facilities
Naics Code: 236220 -- Commercial and Institutional Building
Construction

Contracting Office Address

Department of the Navy, Naval Facilities Engineering Command, NAVFAC
Washington, 1314 Harwood Street Washington Navy Yard, Washington, DC,
20374-5018

Description

This project will be procured by means of a request for proposal for a competitively negotiated, firm fixed price contract, for the construction of a one story, steel framed, brick and block building with a standing seam metal roof. The building will be fully sprinklered. Finishes include painted drywall, carpet, VCT and acoustical tile. Mechanical HVAC, Plumbing, electrical, sitework and incidental related work are also included. The site is essentially flat. Total floor area is approximately 5,420 square feet. This is essentially an administrative building to be used for family consultations. It will include the usual service functions and mechanical systems but will not contain clinical spaces. The building shares a common vestibule with the adjoining Family Support Center. Anti- Terrorist Force Protection (ATFP) considerations require an essentially triangular building footprint with attendant slight inefficiencies in space usage. The awardee will be responsible for providing all labor, supervision, engineering, materials, equipment, tools, parts, supplies and transportation required to perform all of the services described in the specifications for the contract. The APPROXIMATE Solicitation release date is 23 June 2005. The estimated price range is between \$1,000,000 and \$5,000,000. THIS PROJECT IS UNRESTRICTED. All documents will be available in electronic format only utilizing the ADOBE Acrobat (.pdf) file format via the Internet. The free Acrobat Reader, required to view the documents may be downloaded free from the Adobe website. The official access to the solicitation is via the Internet at <http://www.esol.navy.mil>. Contractors are encouraged to register for the solicitation when downloading from the NAVFAC E-Solicitations website. Only registered contractors will be notified by E-Mail when Amendments to the Solicitation are issued. In accordance with DFAR 252.204-7004, REQUIRED CENTRAL CONTRACTOR REGISTRATION, offerors MUST be registered in the Central Contractor Registration (CCR) database in order to take part in this procurement. Offerors and interested parties may obtain information regarding

registration and annual confirmation requirements by calling 1-888-227-2423 or via the Internet at <http://www.ccr.gov>.

Point of Contact

David Dickens, Contract Specialist, Phone 202-685-3191, Fax 202-685-8236, Email David.Dickens@navy.mil - Christine Owens, Contracting Officer, Phone 202-685-3094, Fax 202-433-6900, Email christine.owens@navy.mil

Place of Performance

Address: Andrews Air Force Base, Camp Spring Maryland
Country: USA

As a "vendor notification" subscribed contractor in the Washington D.C. area, the above advertisement should have been received via e-mail on June 8, 2005. The above advertisement is not a request for proposal, but rather a notification to interested contractors that a solicitation will be advertised around June 23, 2005. The key points to recognize are that the contract will be fixed price, competitively negotiated, and that the solicitation will be advertised around June 23, 2005 at <http://www.esol.navfac.navy.mil>. Also, all prospective contractors must be registered in the Central Contractor Registration database (CCR), as is the case with all federal contractors. Instructions on how to register in the CCR are included in the advertisement. David or Christine should be contacted directly to express interest in the project, and they will give further guidance and answer any questions regarding the solicitation. The project is unrestricted, so any company is allowed to submit a competitive proposal for review. When the solicitation is advertised on June 23, 2005, further instructions regarding requirements for submitting a proposal will be given. Since this contract is a competitively negotiated procurement, all information regarding the contractor's proposal should be kept secret.

The second example is much different from the previous and is outlined below.²⁰

R -- Technical and Management Consulting Support to assess ashore readiness within the Navy

General Information

Document Type:	Sources Sought Notice
Solicitation Number:	PRCNI
Posted Date:	Aug 11, 2005
Original Response Date:	Aug 17, 2005
Current Response Date:	Aug 17, 2005
Original Archive Date:	Sep 01, 2005
Current Archive Date:	Sep 01, 2005
Classification Code:	R -- Professional, administrative, and management support services
Naics Code:	541330 -- Engineering Services

Contracting Office Address

Department of the Navy, Naval Facilities Engineering Command, NAVFAC
Washington, 1314 Harwood Street Washington Navy Yard, Washington, DC,
20374-5018

Description

NOTICE: The Naval Facilities Engineering Command Washington has a requirement to provide a macro-analysis of Commander, Naval Installations efforts to improve ashore readiness to the Chief of Naval Operations as outlined in the attached Statement of Work. The final macro-analysis is required by 16 September 2005. THIS IS A FIRM PRODUCT DELIVERY DATE.

²⁰ FedBizOpps. Vendors: Federal Business Opportunities. R—Technical and Management Consulting Support to assess ashore readiness within the Navy. August 19, 2005. <http://www.fedbizopps.gov>.

In order to comply with statutory authority for full and open competition, expressions of interest are requested by 4:00 p.m. 17 August 2005 from qualified companies who may be able to perform these duties. Firms capable of meeting the Statement of Work requirements are requested to submit proposals in 8 1/2" by 11" format, not to exceed 25 pages. Proposals must outline the firm's technical capabilities and corporate pricing structure. Qualified firms will be considered within competitive range based on the following criteria:

1. Knowledge of military ashore operations*.
2. Past experience: provide scopes of studies conducted and/or analyses of shore-based activities.
3. Indicate clear capabilities to deliver requirements of the attached Statement of Work- Macro-analysis of Commander, Navy Installations Efforts to Improve Ashore Readiness by 16 September 2005.

* Firm must be able to show that they have the capability of providing an independent, third-party, macro-level, business process-focused analysis of the operations of the Commander, Naval Installation.

Contract may be awarded on a sole source basis to a firm considered highly qualified. Target award of this contract is 19 August 2005.

Interested parties must provide proposals NLT 4:00 pm 17 August 2005 by electronic transmission to Dean.Koepp@navy.mil, 202-685-3218 or Wanda.McQueen@navy.mil, 202-685-3188.

Macro-Analysis of
Commander, Navy Installations
Efforts to Improve
Ashore Readiness

STATEMENT OF WORK

Period of Performance: Contract Award through 16 SEP 2005.

1.0 Background:

Commander, Navy Installations (CNI) was created to consolidate and create efficiencies within the Navy's ashore readiness domain. Since its stand up in October 2003, CNI has implemented many private sector business practices, including:

- a. Implementing ABCM
- b. Standardizing organizational alignment, processes and outputs across the enterprise

- c. Creating and refining quantifiable and pricable program output levels
- d. Modeling programmatic requirements for functional programs
- e. Implementing a risk-based Navy installation security program
- f. Initiating Human Capital Strategy/Workforce shaping
- g. Aligning with Sea Enterprise and strategic partners
- h. Implementing Capabilities Based Budgeting and Execution
- i. Regionalizing and matricing support programs
- j. Developing Global Basing Model to better support our warfighters and their platforms
- k. Performs EOY annual review on actual performance and customer satisfaction
- l. Several cost savings mitigations

CNI comprises the Navy's ashore installation domain, both CONUS and OCONUS. CNI comprises approximately 97 installations covering over 2M acres and over \$180B in facility plant value. CNI is responsible for resources and policy for the following ashore functions:

- a. Air Operations
- b. Port Operations
- c. Other Operations
- d. Personnel Support
- e. Housing (bachelors and families)
- f. Facility Support
- g. Facility Planning
- h. Environmental
- i. Public Safety
- j. Command and Staff
- k. Resource Management
- l. Information Technology
- m. Personnel Services

Since its inception, CNI, through efficiencies and focused efforts to deliver the right service at the least cost, has creating over \$11B in returned savings to the Navy across the future years defense program (FYDP). Despite these remarkable achievements, continuing challenges exist in achieving and maintaining acceptable levels of ashore readiness which support our warfighters. CNI desires to obtain an objective review of how it is performing in delivering ashore readiness to its customers.

2.0 Objective: The objective of this effort is to provide an independent, third party, macro level, business process-focused analysis of CNI's efforts to date in improving ashore readiness. Ashore readiness is defined as the quantity and quality of delivered ashore programs from the viewpoint of the resource providers (cost of the services), the program managers (implementing required services to meet customer needs), and the customers (quality of the service).

More concisely, we desire to understand:

- a. The expectations of the customer in regards to both programmed, and desired service level outputs
- b. The program director/manager's ability to provide the mandated service levels
- c. The resource provider's satisfaction in the mandated service levels verses what is being provided in the field

The contractor will be required to: collect and analyze pertinent budget and financial planning data; visit 1 European Navy base and 5 CONUS Navy installations (specific sites identified below); interview various functional and program managers, customers (end users), and resource providers; review current and planned CNI process improvements; review pre and post CNI ashore output levels and associated costs; compare your findings to other ashore readiness providers (both private and public sector) and finally present results to CNI NLT 16 SEP 2005.

3.0 Analysis Specifics:

3.1 On-site visits.

- o Interview customers (end users), process owners and support personnel.
- o Gather and review pertinent business process improvement data.
- o Gather and review pertinent budget, financial and planning data
- o Review current service output levels, comparing actual output verses stated/budgeted output
- o Review attainment of service output levels from the viewpoint of the customer, process owners and resource providers.
- o Interview customers to obtain what service output levels are required, and desired

3.2 Off-site work.

- o Prepare macro-level comparison of visited sites? process improvement implementation status and organizational alignment maps
- o Develop baseline (pre-CNI) and current (post-CNI) review of actual service level outputs and compare against actual costs to deliver those services
- o Identify possible areas for improvement and operational/financial benefits.

4.0 Task Description and Deliverables

4.1 Pre-On-site Coordination/Data Collection. Coordinate as required to organize, plan and schedule the Analysis tasks. Collect preliminary data for use as background information for analysis team.

Deliverables: Preliminary site visit/interview schedule, background data package for Analysis, and briefing materials for site visits.

4.2 Analysis. Conduct interviews, collect data, and perform tasks as noted in paragraph 3.0 and subparagraphs 3.1 and 3.2.

Deliverables: Site visits to and data package collected from each of the sites visited:

- o Commander Navy Region Europe and Naval Air Station Sigonella, Sicily
- o Commander, Navy Region Northwest and Naval Base Kitsap, Washington
- o Commander, Navy Region Mid-Atlantic and surrounding bases, Norfolk, Virginia
- o Commander, Navy Region Southeast and surrounding bases, Jacksonville, Florida
- o Commander, Navy Region Southwest and surrounding bases, San Diego, California
- o Commander, Navy Installations, Washington, DC

4.3 Post-Visit Analysis. Collect, integrate and analyze site visit interviews, customer surveys, data collected, improvement opportunities and quantification of financial and operational improvement impacts.

Deliverables: Detailed analysis outbrief report and briefings in Washington, DC.

4.4 Final Report. Detailed analysis and all backup materials of items listed above.

Deliverables: Detailed analysis and summary report.

Point of Contact

Dean Koepp, Contracting Officer, Phone 202-685-3218, Fax 202-433-6193,
Email dean.koepp@navy.mil - Wanda McQueen, Contracting Officer, Phone
(202) 685-3188, Fax (202) 433-7077, Email wanda.mcqueen@navy.mil

Place of Performance

Address: NAVFAC, Washington Navy Yard

The above solicitation is for consulting work with the Navy and has a very short timeline. This contract was advertised on August 11, 2005, with proposals due by 4:00 pm, August 17, 2005. As this case exemplifies, contractors must check the "vendor notification" e-mails daily in order to have time to organize and submit a proposal. The technical capability requirement of this solicitation is extremely important. Contractors

must be able to “show that they have the capability of providing an independent, third-party, macro-level, business process-focused analysis of the operations of the Commander, Naval Installation.”²¹ Most importantly, the contract may be awarded on a sole source basis to a firm considered highly qualified. The Navy is looking for a highly qualified consulting contractor, and does not have to favor competition. Regarding this solicitation, Dean Koepp should be contacted immediately at 202-685-3218 or dean.koepp@navy.mil.

The above two examples are just a few of the many federal solicitations listed daily on FedBizOpps. Providing a competitive price, demonstrating superior past performance on government contracts, and demonstrating the technical capabilities to handle the execution of a federal contract are clearly the ways to obtaining a federal contract once the solicitation is received. BOS contracts may be larger in magnitude than most federal solicitations, but will be advertised the same. As is the case with all construction projects, winning the contract is merely the beginning of the process, and project management principles should be applied throughout the life of the contract to allow for successful completion.

²¹ FedBizOpps. Vendors: Federal Business Opportunities. R—Technical and Management Consulting Support to assess ashore readiness within the Navy. August 19, 2005. <http://www.fedbizopps.gov>.

Conclusion

Although individual service contracts are a way of outsourcing to private industry, BOS contracts take outsourcing to private industry to a new level. BOS contracting essentially takes away much of the managerial service contracting functions from the Government. The Government has already committed to outsourcing non-inherently governmental facility service functions to private industry in the establishment of individual service contracts. BOS contracting clearly is the next step in facility service contracting. BOS contracts establish a single point of contact/liability, drive down costs through competition, and allow a medium for innovative ideas that could not be created without private industry involvement. Although small business may be slightly hurt through BOS contracting, the Navy has mechanisms to support small business as well as continue to obey applicable procurement statutes.

Determining which functions are inherently governmental and which are not proves to be a very important issue related to BOS contracting. Politicians as well as military leaders must be keen in making these types of decisions. The line between inherent and non-inherently governmental functions has extremely large national security, human life, and cost implications.

The transition from individual service contracts to a BOS contract may prove to be extremely difficult as seen in Guam. However, short-term sacrifices are sometimes necessary for the greater good of our nation's military and economic future. Facility service contracting is widely performed throughout our nation by private industry, making it an excellent opportunity for outsourcing. BOS contracting will meet local mission requirements just as easily as individual service contracts. It also obeys all

applicable procurement statutes and provides taxpayers with fair value due to free market competition.